Community relationships

Image: Working with Traditional Owners, Weipa, Queensland, Australia
Community relationships

Developing strong, trusting and lasting relationships with our host communities and recognising and respecting people’s human rights and cultural heritage are principles embedded in our business values, policies and standards. We aim to be a good neighbour across all our operations and build relationships that share benefits and secure community support for our work.

We have strong processes for managing human rights risks. We pay particular attention to human rights issues – such as water resources, land access, resettlement and security – that may be commonly associated with mining activities. Read more about our approach to human rights in the “Governance integrity” section (page 56).

Our Communities and Social Performance (CSP) standard guides how we maintain our community relationships. It covers how we monitor and manage day-to-day impacts and concerns, identify and manage social risks, form long-term community agreements and close operational sites.

The CSP standard is supported by guidance notes which describe our site procedures. These are aligned with international guidelines, such as the International Finance Corporation’s (IFC) Performance Standards on Environmental and Social Sustainability and ICMM’s Position Statement on Indigenous peoples and mining.

All our sites must have a complaints, disputes and grievance mechanism that meets the UN Guiding Principles on Business and Human Rights criteria. Our businesses also measure and report on their performance against their CSP targets.

We undertake social and economic impact assessments to understand the implications of our activities and reduce any negative impacts. We collaborate with local communities to develop clear and transparent agreements, which are essential to providing access to land we require and for directing benefits to those affected by our activities.

650 +
Australian companies, including 58 local Cape York businesses and 10 Indigenous businesses, engaged at the Amrun bauxite project

100%
of sites have established local employment and procurement targets

1stresources company to obtain an Elevate Reconciliation Action Plan

Community relationships: 31

Image: Working with local communities, QIT Madagascar Minerals, Mandena, Madagascar
We seek to use the natural resources we have access to responsibly, and to share the benefits with host communities. Through our investments in, for example, health and education services our business makes significant, positive contributions to the growth of local economies and the improvement of living conditions.

Regional economic development is a key part of the community and stakeholder engagement plans that every operation has. These plans describe opportunities and regional priorities. We also help our stakeholders to develop their own plans and we set up investment funds, trusts and foundations to help them achieve their goals and to deliver long-term benefits.

We employ local people and engage local businesses. We also build the skills of local workforces and work on employment-related programmes to help youth, women and Indigenous people benefit from employment and procurement opportunities. For example, our Amrun bauxite project in Australia has engaged more than 650 Australian companies, including 58 local Cape York businesses and ten Indigenous businesses, since the project gained approval in 2015 as part of its local and Indigenous participation strategy.

At Richards Bay Minerals, primary contractors play a key role in forming joint ventures with community enterprises to increase participation in procurement.

Resettlement of people or communities can be required as a result of acquisition of, or restriction of community access to, land needed for our operations. We only resettle people or move existing economic activity where it is unavoidable. When resettlement is necessary, we work hard to ensure resettled people maintain their social harmony and have their standard of living and livelihood sustainably restored or improved over the long term. This is undertaken in accordance with the IFC’s Land Acquisition and Involuntary Resettlement Performance Standard and our CSP standard.

The closure of our operations can have a significant impact on the surrounding local community. As part of our planning for closure we work with stakeholders to understand the community’s priorities, set closure objectives, manage risks and identify sustainable, beneficial future land uses.
Contributing to strong and prosperous communities

2016 performance
In 2016 we contributed to 1,294 programmes covering health, education, environmental protection, housing, agricultural and business development areas. In total we spent US$166 million on community programmes. This was a decrease of ten per cent compared with 2015 due to lower agreement-related payments flowing from lower commodity prices.

We introduced a new CSP target for 2016-2020. As a result, all operations need to report annually on progress against locally tailored employment, procurement and complaint management targets. At the end of 2016 all our sites had established their locally tailored targets.

During the year we managed ongoing community issues at our Mount Thorley Warkworth coal mine, Resolution Copper project and Canadian aluminium operations. Also, our Richards Bay Minerals operation faced protests and unrest from a small number of community groups seeking greater employment and procurement opportunities. This was against the backdrop of Richards Bay Minerals awarding contracts to 12 local community enterprises and five joint ventures during the year, thereby it reaching its 20 per cent target of total annual contestable spend to be awarded to local and host community vendors.

In Gladstone we launched our “Here for business” programme to help generate new business and employment opportunities following an economic downturn in the region. The programme offers business coaching and interest-free loans to new businesses and to existing businesses seeking to expand into new markets.

Our partnership with the Northern Territory Government, Developing East Arnhem Limited (DEAL), won a National Economic Development Excellence Award for best rural and remote initiative. We created DEAL to generate new economic activity in the East Arnhem region following curtailment of the Gove Alumina Refinery. DEAL’s housing programme allows businesses to rent properties to accommodate employees and their families, and has helped support more than 200 jobs in the region. The revenue DEAL derives from the housing assets is reinvested in local economic development initiatives.

<table>
<thead>
<tr>
<th>Program Type</th>
<th>2016 Contributions (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>20.9</td>
</tr>
<tr>
<td>Business Development</td>
<td>11.1</td>
</tr>
<tr>
<td>Culture</td>
<td>8.2</td>
</tr>
<tr>
<td>Health</td>
<td>8.7</td>
</tr>
<tr>
<td>Environment</td>
<td>11.2</td>
</tr>
<tr>
<td>Recreation</td>
<td>19.7</td>
</tr>
<tr>
<td>Transport</td>
<td>1.5</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1.9</td>
</tr>
<tr>
<td>HIV/AIDS</td>
<td>0.1</td>
</tr>
<tr>
<td>Housing</td>
<td>2.0</td>
</tr>
<tr>
<td>Other</td>
<td>14.6</td>
</tr>
</tbody>
</table>

Community contributions by programme type (percentage of annual total)

Note: Due to rounding the sum may not total 100 per cent.

<table>
<thead>
<tr>
<th>Region</th>
<th>Contributions (percentage of annual total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>35.8</td>
</tr>
<tr>
<td>Australia and New Zealand</td>
<td>39.6</td>
</tr>
<tr>
<td>Europe/Africa</td>
<td>12.8</td>
</tr>
<tr>
<td>Asia</td>
<td>11.7</td>
</tr>
<tr>
<td>South America</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Community contributions by region (percentage of annual total)

Note: Excludes Rio Tinto management costs and direct payments. Due to rounding the sum may not total 100 per cent.

About the United Nations’ Sustainable Development Goals
The Sustainable Development Goals (SDGs) are a set of 17 goals and 169 targets endorsed by the United Nations in 2015. The SDGs lay out an ambitious path to end extreme poverty, fight inequality and injustice, and protect our planet over the next 15 years.

During 2016, Rio Tinto chief executive J-S Jacques signed a public statement of support for the SDGs. The SDGs provide an important framework that helps us show how our work with communities and other stakeholders produces tangible, long-term benefits on the ground.
Stable, life-of-mine access to land is fundamental to the success of our business. However, many of our operations are located on land that holds particular significance for local communities and land-connected peoples, including Indigenous peoples. To manage these issues and to help with approvals and permits, we form community agreements. Agreements form an essential part of the planning, operation and closure actions of every project and operational site.

Our agreements are based on finding common ground, where both parties benefit. They provide transparent and measurable commitments on how we will share the benefits. It takes time to negotiate mutual agreements and the process can be as important as the final agreement itself.

Across the business, we have negotiated more than 40 participation agreements and more than 120 global exploration access agreements. A whole-of-business approach is applied. In recognising and respecting what land means to the people who occupy it, agreements typically include commitments on land use, cultural heritage, environment, employment and procurement. As each agreement is developed, we refine and improve our practice.

Most of our community agreements are with local Indigenous communities. In forming these, we strive to achieve the free, prior and informed consent of Indigenous communities as defined in the IFC's Indigenous Peoples Performance Standard and the ICMM Position Statement on Indigenous peoples and mining.

**2016 performance**

In 2016, we formed new community agreements in Australia (Iron Ore), Africa (QIT Madagascar Minerals) and the Americas (Resolution Copper project).

Our Pilbara Iron Ore business signed an agreement with the Banjima Traditional Owners—a successful conclusion to more than ten years of formal negotiations. The agreement covers 67,000km² and includes the Hope Downs 1 mine, rail lines and supporting infrastructure. We have now signed agreements with all Native Title Claim groups who hold interests in those areas of the Pilbara where we operate.

QIT Madagascar Minerals (QMM) forged a tripartite agreement with the Government of Madagascar and the Traditional Owners of the land on which its Mandena mining concession lies. This is the first agreement of its kind in Madagascar and took more than two years to finalise. As part of the process, QMM helped create associations of Traditional Land Owners and arranged for civil society groups to provide the land users independent training in mining legislation, land tenure and forestry.

Resolution Copper’s (Rio Tinto 55 per cent) Memorandum of Understanding with the town of Superior, was signed in 2016. It includes a five-year US$1.6 million Emergency Services Agreement. Benefits from the agreement include training of local fire and police departments and upgrade and maintenance of emergency services vehicles and equipment.

We launched our second Reconciliation Action Plan (RAP). RAP outlines how we will build deeper engagement between Indigenous communities and our Australian operations during the next three years. We were the first resources company to obtain an Elevate RAP through Reconciliation Australia’s RAP programme – the highest possible phase achievable. Our 2016-2019 RAP raises the bar on the Group’s previous commitments and sets stretch targets across Indigenous employment, education, training and business development areas.

During the year we also published our Why agreements matter guide. This supports good practice and ongoing learning across the wider resources industry and is a resource for communities and governments. The guide draws on our history of more than 150 community agreements and describes our learnings over more than 20 years of agreement-making.
Mining activities can impact local cultures and heritage. Protecting and managing cultural heritage assets jointly with communities contributes to the quality of our relationships and avoids delays, legal action and compliance costs.

Wherever we operate, and particularly in less-industrialised areas, we respect the diverse cultures, lifestyles, heritage and preferences of our neighbours. We work with all communities to understand and protect cultural places, objects and practices.

All our operations maintain and implement a cultural heritage management system. This requires undertaking cultural heritage risk assessments to identify and understand cultural heritage values, their significance and management plan options. Our CSP standard, Cultural heritage management guidance and Why cultural heritage matters document provide practical guidance for our teams.

2016 performance
In 2016 we continued to work with the Wik-Waya Traditional Owners to understand and manage cultural impacts of the Amrun project in Queensland, including cultural camps to undertake cultural site mapping.

We donated $2.5 million to build a new First Nations Culture Pavilion at the Université de Québec à Chicoutimi campus in Canada, dedicated to the conservation and transmission of First Nations culture.

Our Iron Ore business is partnering with Murujuga Aboriginal Corporation and The University of Western Australia to map and document ancient Indigenous engraved rock art, located throughout Western Australia’s Pilbara coastline. The project benefits the local Aboriginal groups managing this area, and improves our knowledge of more than 600 significant cultural heritage sites on our Dampier Archipelago leases. In the 2016 field season, we documented 9,379 new petroglyphs, 439 other cultural features including stone arrangements and artefact scatters, and conducted archaeological excavations at nine sites.
At times it may seem difficult for a resources company – with its scientific, engineering and operational focus – to understand different people’s spiritual and cultural relationships with land.

To Indigenous peoples, it is home. But it’s also something much more profound: a place of deep physical, spiritual and cultural connection. Indigenous peoples do not own the land in the traditional European sense – the land is part of them. In the words of Aboriginal Elder Loyla Chevathen, “Our country is who we are. It is our culture and our past and future”.

Rio Tinto’s understanding of people’s connection to land, and how land can be used for both economic and social benefit, has evolved significantly in recent decades.

It hasn’t always been smooth sailing. In the late 1980s, for example, production at our Panguna copper mine (operated by Rio Tinto subsidiary Bougainville Copper Limited) in Papua New Guinea was brought to a complete halt and personnel were subsequently evacuated following heightened militant activity against the mine and personnel by factions from within the local communities.

During the same period, Aboriginal Traditional Owner groups used heritage and environmental legislation to delay expansion plans in the Pilbara region of Western Australia.

Why agreements matter

In the early 1990s, a pivotal High Court decision in Australia reshaped our approach to engagement with Indigenous peoples. In response to a claim by Torres Strait Islander Eddie Mabo, the court ruled that the land was not “terra nullius” (belonging to no one). Shortly afterwards, the Native Title Act came into force, recognising native title to land. Breaking with the rest of the industry, which feared the implications of this new law, Rio Tinto instead welcomed it. Leon Davis, the company’s chief executive at the time, saw “major opportunities for growth in outback Australia which will only be realised with the full cooperation of all interested parties”.

In recognising that successful progress depended on active partnership with communities and Indigenous people, Davis was setting the vision for how Rio Tinto would operate in the future. Today, nearly 20 years after our first land use agreement was signed with Traditional Owner groups in Yandicoogina, Australia, we have negotiated more than 40 land use agreements around the world.

Janina Gawler, Rio Tinto’s global practice leader, Communities and Social Performance, underlines that agreements like the groundbreaking Argyle Participation Agreement are not “nice to haves” but essential to realising land access and mining opportunities today.

“At the time of the Native Title Act in Australia, we saw that agreements needed to be part of the way we do business. This has proven to be the case,” she said. “At many sites, agreements have made it possible to secure a decision to invest and avoid a lengthy process of approval seeking. “If you ask me why agreements matter I’d say it’s simple: they pay off both for Rio Tinto and the communities where we operate.”

In our publication Why agreements matter, Glen Camille, Eastern Guruma Elder, said that respecting culture and connection to land were important to building strong relationships between companies and Traditional Owner groups.

“If I look back at a saying from a great man, someone I respect and look up to as a great leader, Uncle Slim Parker he says: ‘Our culture is our culture, our law is our law, our land is our land and still is our land today,’” Glen said.

“If companies looked at building their relationships based on these principles, I think it would certainly build stronger relationships between the Traditional Owner groups and mining companies today.”

If you ask me why agreements matter I’d say it’s simple: they pay off both for Rio Tinto and the communities where we operate.”

Janina Gawler
Global practice leader, Communities and Social Performance
Changing perspectives: Understanding connection to land

Hard-won lessons
The idea that land use agreements are essential today is echoed by Rob Atkinson, head of Productivity and Technical Support, Growth & Innovation at Rio Tinto. Having worked on agreements at Rio Tinto operations in Australia and Mongolia, Rob has seen their impact first hand.

“Agreements are critical in all cases today. No matter how hard the challenges involved in creating an agreement, if you lose the local community, the task becomes impossible,” Rob said.

Rob also notes the importance of resolving legacy issues.

“Only by sorting out the past can you get into a position to think about the future. Reconciliation is essential,” he said.

From its beginnings in Australia, our approach spread around the world. By 2003, ten years on from the Native Title Act, agreements had been signed in Canada, Indonesia and Zimbabwe. As Janina Gawler points out, the company’s experience has positioned it well in a world where the concept of building and maintaining “social licence to operate” is the norm.

“With more regulations and greater expectations of miners today, Rio Tinto is ahead of the curve thanks to the hard-won lessons of Australia.”

Agreements aren’t easy, says Rob Atkinson, pointing out the difficulty of “distilling a 1,000 page legal document into 20 key themes and ensuring nothing is ‘lost in translation’.” But he is convinced of their value.

“The risk-reward balance is massively favourable. Agreements are a catalyst for Indigenous employment and for strong partnerships,” Rob said.

“They build local business capability and improve corporate reputation. There are so many ‘wins’ to be had from a good agreement backed by strong community relations. Creating agreements is not without risk – but it’s intelligent risk-taking”.

In Why agreements matter, Cyril Lockyer, Kuruma Marthudenera Elder, says that the agreement process gave his people the opportunity to better plan for the future.

“Changing perspectives: Understanding connection to land

Mending a legacy
The lesson of the Argyle Diamond Mine in Western Australia illustrates the need for agreements to be formulated with both sensitivity and fairness. When Aboriginal people first expressed the grievance that mining had destroyed a sacred site, we responded with a Good Neighbour Agreement. However, this accorded only minimal benefits to Traditional Owners and did not manage cultural heritage respectfully.

When in 2001 it sought to extend the mine’s life, Argyle signed a Memorandum of Understanding for negotiations towards a new agreement under the Native Title Act. General manager Brendan Hammond wrote an apology to Traditional Owners and offered a reconciliation payment. And in 2004, the Argyle Participation Agreement (APA) formally acknowledged that Traditional Owners are the custodians for the mining lease. At the time it was thought to be unique in stating that its plans for an underground mine would not proceed unless Traditional Owners agreed. The APA covers land rights, employment and training commitments, heritage site protection and income sharing.

Image: Richards Bay Minerals representatives meet with local community members, South Africa
Securing a better future

At Weipa in Australia’s Cape York Peninsula, partnership agreements are making progress possible while respecting culture and sharing the benefits of mine growth. The site of this major bauxite mine has had a troubled past. Today, three community agreements underpin our activities at Weipa: the Western Cape Communities Co-existence Agreement (WCCCA), the Ely Bauxite Mining Project Agreement, and the Weipa Township Agreement. As at December 2016, Weipa’s Indigenous employee participation rate was 27 per cent compared with a national industry average of six per cent. The recent US$1.9 billion Amrun bauxite project, close to Weipa, was in part made possible by a management plan agreed with Wik-Waya Traditional Owners. Wik-Waya Elder Loyla Chevathan explains what this plan means.

“We understand that the mine will change our country,” Loyla said. “These changes mean that some cultural heritage places need to be moved and disturbed to allow the mine to be built.

“We accept that this is necessary but at the same time we want to make sure that the places that are left behind are properly looked after for future generations.”

Investing for the long term

In Mongolia, the Oyu Tolgoi copper-gold operation (see page 65) has the potential to make a significant contribution to the country’s development and prosperity. Since 2010, Oyu Tolgoi has injected US$6.1 billion into the Mongolian economy through salaries, payments to Mongolian suppliers, taxes and other payments to the Government. Here, a Cooperation Agreement with the mine’s partnership communities aims to ensure that the mine promotes sustainable socioeconomic development. The agreement, which took four years to finalise, encompasses employment and training, environmental management, cultural protection and local business development. It formalises how the mine will contribute to local communities in the coming years, and allocates US$5 million per year for community development.

Like many mining operations, Oyu Tolgoi is a project with a long life cycle. It underlines the fact that community agreements need to be for the long term – some have horizons beyond 50 years – and also “embedded” into the way of working at Rio Tinto. In 2014, this was formalised: the company mandated that agreement-making be part of the communities and social performance standards for Indigenous and traditional land-connected peoples where long-term projects are planned.